

Message Text

LIMITED OFFICIAL USE

PAGE 01 SEOUL 04469 110857Z

12

ACTION XMB-07

INFO OCT-01 EA-11 ADP-00 EB-11 AID-20 CIAE-00 INR-10

NSAE-00 RSC-01 FRB-02 OMB-01 TRSE-00 OPIC-12 CIEP-02

SSO-00 INRE-00 RSR-01 /079 W
----- 049634

O R 110804Z JUL 73

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC IMMEDIATE 8814

INFO USDOC WASHDC

LIMITED OFFICIAL USE SEOUL 4469

FOR EXIMBANK - CALL EXIMBANK AT 0830

E.O. 11652: N/A

TAGS: ETRD, EGEN, KS

SUBJECT: KOREA EXPRESS ORDER FOR \$18 MILLION ROLLING STOCK

REF: A. SEOUL 4398 B. SEOUL 4349 C. STATE 133082

1. EMBASSY HAS LEARNED THAT GM KOREA IS OFFERING KOREA EXPRESS KNOCKED DOWN ISUZU CARGO AND DUMP TRUCKS. THIS PART OF KOREA EXPRESS PROCUREMENT INVOLVES 480 CARGO TRUCKS AND 100 DUMP TRUCKS.

2. GM/K REPORTEDLY PROMISED ISUZU TRUCKS WITH 30 PER CENT LOCAL CONTENT. FINAL PRICE IS ABOUT \$15,800 FOR CARGO TRUCK WHICH IS BELOW CIF QUOTATIONS OF U.S. TRUCKS. MOREOVER, U.S. TRUCKS WILL STILL BE SUBJECT TO 50 PER CENT DUTY AS COMPARED WITH 5 PER CENT ON KD AUTO PARTS.

3. COMATT IMMEDIATELY RAISED MATTER WITH G.V. DIEDRICK, GM/K VICE PRESIDENT FOR FINANCE, WHO IS ACTING IN PLACE OF EXECUTIVE VP HOWARD VANGE. VANGE IS ON HOME LEAVE (PRESUMABLY SEATTLE) UNTIL AUGUST 13.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 SEOUL 04469 110857Z

4. DIEDRICK CONFIRMED ESSENTIALS OF STORY BUT STATED

THAT GM/K WAS RESPONDING TO ROKG REQUEST THAT IT CONSIDER KOREA EXPRESS ORDER. HE WAS AWARE OF IMPLICATIONS OF GM/K MOVING INTO BIDDING WITH JAPANESE TRUCKS AND PERSONALLY HAD RESERVATIONS OF WISDOM OF MOVE. HOWEVER, HE POINTED OUT THAT GM/K IS NOT ONLY JOINT VENTURE BUT KOREAN COMPANY WITH ACTIVE PRESIDENT IN KIM CHANG WON, AND ROKG HAS BEEN PRESSURING GM/K FOR HIGHER LOCAL CONTENT.

5. AS TO WHETHER GM/K COULD WORK WITH US. KD TRUCKS, DIEDRICK STATED IT DIFFICULT AND EXPENSIVE SINCE PLANT CURRENTLY SET UP FOR SOURCING FROM JAPAN, AUSTRALIA (HOLDEN) AND GERMAN (OPEL). AGREED, HOWEVER, THAT HE WOULD LOOK INTO POSSIBILITY OF U.S. SOURCING OF TRUCKS WHEN HE RETURNS TO UNITED STATES ON JULY 13. DIEDRICK SAID THAT GM/K IS IN HORNS OF DILEMMA AND STRONGLY SUGGESTED THAT ONLY SOLUTION WAS FOR EMBASSY TO PERSUADE ROKG TO ACCEPT SINGLE UNIT PACK (SUP) ORDER FROM U.S.

6. IMMEDIATELY AFTER DISCUSSION WITH DIEDRICK, KOREA EXPRESS (KEC) APPROACHED EMBASSY WITH REQUEST THAT WE OBTAIN EXIMBANK REACTION TO DESIRE FOR LONGER GRACE PERIOD. KEC APPARENTLY IS ANXIOUS TO NAIL DOWN ORDER FOR SINGLE UNIT PACK TRUCKS SINCE IT HAS HAD BAD EXPERIENCE IN PAST WITH REASSEMBLED KD JAPANESE TRUCKS (BY SHINJIN WHICH IS NOW GM/K PARTNER). IT IS OUR VIEW THAT KEC WANTS TO SUBMIT PRELIMINARY CONTRACT TO EPB AT EARLIEST POSSIBLE MOMENT IN VIEW OF ABOVE DEVELOPMENTS.

7. EMBASSY THEREFORE ASKS FOR QUICK REPLY TO REF (A) FROM EXIMBANK. WE WILL TRY TO PERSUADE KEC TO SIGN WITH WHATEVER FINAL TERMS EXIMBANK CAN OFFER, BUT WE HOPE EXIMBANK CAN PERMIT SOME GIVE, PARTICULARLY ON GRACE PERIOD, WITH PERHAPS EITHER EXIMBANK AND/OR COMMERCIAL BANK ASSUMING A COMPRESSED REPAYMENT PERIOD IN RETURN FOR LONGER GRACE PERIOD.
HABIB

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 11 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973SEOUL04469
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: SEOUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730740/aaaabdgj.tel
Line Count: 99
Locator: TEXT ON-LINE
Office: ACTION XMB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 73 A. SEOUL 4398 B. SEOUL 4349 C. ST, ATE 133082
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 26 NOV 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26-Nov-2001 by shawdg>; APPROVED <20-Dec-2001 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: KOREA EXPRESS ORDER FOR \$18 MILLION ROLLING STOCK
TAGS: ETRD, EGEN, KS
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005